

Message Text

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FM AMEMBASSY COTONOU

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C O N F I D E N T I A L COTONOU 947

EO 11652: GDS

TAGS: EIND, DM

SUBJ: NATIONALIZATION OF FOREIGN BANK INTERESTS IN DAHOMEY

REF COTONOU 929

1. YESTERDAY JULY 1, AMB DISCUSSED WITH MIN OF FIN MAJOR ISIDORE AMOUSSOU IMPLICATIONS OF DAHOMEAN GOVT'S MEASURES OF JUNE 27 TO NATIONALIZE THE TWO REMAINING FOREIGN-OWNED BANKS, BICI-DAHOMEY AND BIAO-DAHOMEY, IN WHICH THERE IS INDIRECT STOCK PARTICIPATION BY BANK OF AMERICA (11 PERCENT) AND FIRST NATIONAL CITY BANK (49 PERCENT) RESPECTIVELY.

2. FIRST OF EZL AMB HAD TO BRIEF AMOUSSOU ON THE AMERICAN INTERESTS IN QUESTION, FOR LATTER PROFESSED NOT TO KNOW, DESPITE FACT THAT THE TWO HAD GONE OVER THE SAME GROUND LAST DEC 27. AMB PRESENTED THE US POSITION ON TAKE-OVERS, EMPHASIZING THE ESTABLISHED INTERNATIONAL LAW WHICH PROVED FOR PROMPT PAYMENT OF FULL, ADEQUATE AND JUST COMPENSATION TO THE FOREIGN INVESTORS CONCERNED. AMB SAID THAT A NOTE SETTING FORTH THE US POSITION WAS IN COURSE OF PREPARATION.

3. REPLYING TO QUESTIONS, MIN SAID AHOMEAN GOVT FELT NO NEED TO ISSUE PUBLIC STATEMENT EXPRESSING ITS INTENTION TO PAY
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INDEMNIFICATION. GOVT BELIEVED ALL CONCERNED FOREIGN COMPANIES,

AND FOREIGN GOVTS AS WELL, OWED DAHOMEY THE DECENCY TO ASSUME THAT ITS GOVT WOULD ACT IN GOOD FAITH AND JUSTLY. IT WAS THE GOVT'S INTENTION TO INFORM THE NATIONALIZED COMPANIES IN DUE COURSE BY LETTER THAT IT WOULD PAY COMPENSATION. SINCE MINISTER MADE PITCH FOR AN INFLUX OF AMERICAN PRIVATE INVESTMENT, AMB POINTED OUT THAT PRIVATE INVESTORS ACTED ON BASIS OF THEIR OWN JUDGMENT AS TO INVESTMENT CLIMATE, WHICH COULD BE ESTABLISHED ONLY BY THE COUNTRY ITSELF. INVESTORS EXAMINE GOVT POLICIES, EXPRESSIONS OF THE GOVT'S ATTITUDE, AND THE EXPERIENCE OF EARLIER INVESTORS. WITH RESPECT TO DAHOMEY, THEY HAD NO DOUBT NOTED THAT NO TALKS RE COMPENSATION OF MOBIL AND TEXACO HAD NOT YET BEGUN, THOUGH BOTH COMPANIES HAD SUBMITTED THEIR CLAIMS PROMPTLY SIX MONTHS AGO. NOW, IF THE GOVT MADE NO STATEMENT OF INTENTION TO INDEMNIFY THE BANKS, THERE WOULD BE FURTHER UNCERTAINTY IN THE INTERNATIONAL INVESTMENT COMMUNITY. MINISTER WHO PROFESSED NOT TO GRASP THE POINT, CALLED FOR GOOD WILL, UNDERSTANDING AND RESPECT FOR DAHOMEAN GOVT'S INTEGRITY.

4. AS FOR THE SOURCE OF FUNDS TO REIMBURSE THE BANKS AND OTHER RECENTLY NATIONALIZED COMPANIES, AMOUSSOU SHRUGGED HIS SHOULDERS. IT HAD NOT YET BEEN DETERMINED.

5. MINISTER TRIUMPHANTLY EXPOUNDED THE MERITS, AS HE SAW THEM OF COMPLETELY NATIONALIZING THE BANKING SECTOR (IDEOLOGICAL NECESSITY, GREATER EFFICIENCY, DAHOMEANS MASTERS OF THEIR OWN HOUSE, PROFITS SHARED BY ALL DAHOMEAN PEOPLE). AFTER WINDING UP WITH SIMPLISTIC LECTURE ON EGOISTIC EVILS OF CAPITALISM AND UNSELFISH IDEALS OF SCIENTIFIC SOCIALISM, HE AGAIN ASKED FOR MORE US AID AND INVESTMENT*

6. ACCORDING TO TODAY'S OFFICIAL RADIO ACCOUNT OF THIS MEETING, "THE MINISTER MADE CLEAR TO HIS VISITOR THAT THE MEASURES TAKEN VIS-A-VIS BICI-DAHOMEY AND BIAO-DAHOMEY WERER NOT DIRECTED AGAINST ANY COUNTRY. THEY WERE TAKEN WITHIN THE NORMAL FRAMEWORK OF T D APPLICATION OF THE DISCOURS-PROGRAMME OF NOV 30, 1972 URND THE SPEECH ON POLITICAL ORIENTATON OF NOV ?0, 1974. THE DIPLOMAT RECOGNIZED THE RATIONALE OF THIS DECISION OF THE GOVT TO GAIN CONTROL OF THE BANKING SECTOR AND EXPRESSED THE HOPE THAT THE PREVIOUS PARTNERS OF THE STATE

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(I.E. PREVIOUS OWNERS) IN THE TWO BANKS WOULD BE INDEMNIFIED."

7. COMMENT: FIRST PART OF LAST SENTENCE IN PARA 6 ABOVE WAS A MISREPRESENTATION. AMB DID NOT ASK QUESTIONS OR COMMENT ON GOVT'S RATIONALE. THIS RADIO ACCOUNT OF THE CONVERSATION IS LIKELY TO BE THE ONLY PUBLIC INDICATION OF THE GOVT'S INTENTION TO INDEMNIFY.

8. MEETING WAS CORDIAL AND IT SERVED TO MAKE CLEAR THE US INTERESTS INVOLVED. HOWEVER, THE MINISTER GAVE THE IMPRESSION THAT NEITHER HE NOR HIS COLLEAGUES IN THE GOVT HAVE ANY IDEA OF THE IMPLICATIONS OF THEIR ACTIONS NOR DO THEY CONSIDER THE INTERESTS OF THE SEIZED COMPANIES TO BE OF MUCH IMPORTANCE. END COMMENT.
ENGLE

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